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4-in-1 Accounting: The Basics from Real-World.
White, T.W.; Dauphinais, G.W.
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ABSTRACT: RealWorld introduced 4-in-1 Basic Accounting, an accounting
system for small businesses. The system contains four units; general
ledger, accounts payable, accounts receivable, and payroll. 4-in-1 is a
basic system that uses names rather than codes and left out advanced
accounting features, such as some reporting options and budgeting ability.
The general ledger transactions are entered into a temporary workfile, then
batch posted. The system will not record any transaction unless the batch
is in balance. The batch process sorts transactions by account number and
posting date, and not normal accounting methods. A financial report writer
enables specialized financial statements. Text explanations are available
by pressing a key, and phone support is provided for thirty days.
RealWorld's 4-in-1 Accounting is priced at $995. Screen displays of the
modules and an output report are included.

TEXT:
     Since its inception 4 years ago, RealWorld Software, a series of
accounting programs for the PC, has been a leader in the full-featured
accounting software market. However, many very small or embryonic
businesses find this sophisticated program too complex for their needs.
RealWorld Corporation recently addressed this problem by introducing 4-in-1
Basis Accounting, a set of four accounting modules designed for businesses
with sales of under $2 million. In fact, this program cannot accommodate
more than $10 million in annual revenue.
     The 4-in-1 Basic Accounting system includes general ledger, accounts
payable, accounts receivable, and payroll modules. It is simple to master,
and yet it contains many of the features that made its parent system so
popular.
     4-in-1 also offers features that make it easier for the novice
accountant. All the submodules (accounts receivalbe, accounts payable, and
payroll) automatically interface with the general ledger. So, when you post
transactions to a submodule, it not only updates data files in the
submodule, but it also updates your account balances in the general ledger.
In many full-function accounting sytems, you must perform a separate
process to update the general ledger with submodule data. While easier to
use, ths program does warrant extra care--you must make sure that the data
you enter into your general ledger is accurate.
     Simple and Straightforward
     In order to accommodate the needs of businesses with only a small
number of customers, vendors, or employees, the 4-in-1 system does not use
customer, vendor, or employee numbers or codes. Instead of codes, 4-in-1
allows you to use the coresponding names. For example, to retrieve account
information for Ja's Appliance Store, you can enter the full name or just
the first few letters. If you enter just J, then the system will display
the first customer that begins with a J. If this is not the customer you
wanted, you can press the F1 key to retrieve the next customer, or you can
enter more or all of the customer's name.
     Of course, to create a significantly less-complicated and less-costly
product, RealWorld has omitted several advanced features from 4-in-1 that

it included in RealWorld Software. For example, the 4-in-1 payroll module is an after-the-fact payroll system: it does not calculate your paroll; you do--by hand or calculator. However, it is quite helpful in assisting you in recording and tracking your payroll information and in printing key payroll reports based on the calculated payroll data you enter into the system each pay period. Other things that mark this as an entry-level system include the omission of some reporting options (for example, 4-in-1 gives aged accounts receivable and accounts payable reports in summary form but not in detail) and any budgeting ability.

Installing the system on a hard disk is a snap. You simply place the installation disk in drive a: and type HARDISK. The process takes about an hour, and the very complete installation guide should cover any problems you encounter.

Upon entering the system, you're presented with the main menu (see Figure 1), which gives you access to each module's major functions and clearly illustrates both the package's breadth and its basic nature.

A Congenial Ledger

The 4-in-1 general ledger module offers a great deal more flexibility than is usual for a basic system. You construct a chart of accounts around a two-part account mumber. The first part of the account number contains a four-digit primary account code, such as 1000--cash, 1100--accounts receivable, and so forth. The second part of the account number--a three-digit subaccount--allows you to departmentalize your chart of accounts. A chart of accounts configured in this manner lets you produce financial reports by department or profits center; it's feature normally found only in full-function nand more-expensive) accounting systems. The software gives you three different predefined charts of accounts: one is for a wholesaler; one is for a retail business, and one is for a small manufacturer. These templates are a real conveniece if you financial reporting needs are similar to any of these three types of businesses. You can, of course, modify these charts to suit your individuals needs.

Entering general ledger transactions is a two-step process. First, you enter individual transactions into a temporary work file, called a batch. You can then print, review, and edit this batch file before you actually update the general ledger. The second step consists of posting the entire batch to the general ledger. If the batch is not in balance--say, for example, the debit and credit amounts are not equal for all transactions in the batch--then the system will not post any of the transactions in the batch to the ledger. That's a blessing because this second step saves you from your own mistakes by forcing your general ledger to remain in balance.

One disappointing feature of the 4-in-1 batch-processing system is that sales transactions are sorted by account number and date when listed in the general journal for editing. Normally, you enter transactions in logical groups, such as one or more debits with corresponding credit(s), but the sorting process eliminates these logical groupings and could make it difficult for you to audit your entries. For instance, assume that you enter the following transactions: Interest expense 100.00DR
    Cash   100.00CR
    Misc. G & A   100.00DR
    expense
    Suspense 100.00CR
The system would then give you a batch listing, called a transaction edit list, that offers details by account, not by the order you enter them into the system. The system does have a fast way for you to verify the accuracy of your entries, but I would much prefer that the system give both the report shown in Figure 2 and a listing of the transactions just as you enter them.

The 4-in-1 system comes equipped with a financial report writer that allows you to create customized financial statements using data from your general ledger. Although 4-in-1's report writer is not very sophisticated,

introductory-level accounting systems rarely have this capabitily. And the report writer is so flexible and simple, you can actually have fun creating your financial reports.

You can use the report writer to create either balance sheet or profit-and-loss financial statements developed from the current period or year-to-date genral-ledger account balances. In developing your reports, you can accumulate account balances, accumulate and print up to nine levels of subtotaling (in any of the three available columns), and print text anywhere on the financial report. Once you've established a report format, you can use it to print that report for any or all of your departments or profit centers. The system offers only nine report formants, which is a sufficient number for the majority of small businesses.

The 4-in-1 accounts receivable module includes the basis functions of most entry-level accounts receivable systems as well as an invoicing ability.

You can track sales data by customer, record and process cash receipts, print customer-aging reports and customer statements, and update the general ledger directly. The software also incorporates features that process and print debit/credit memos and finance charges, process recurring sales transactions, and record and print miscellaneous charges, sales tax, and freight charges for each invoice.

The method employed to capture customer sales information (to record the transaction as well as produce an invoice) is rather unique and reflects the basic nature of this system. It involves a two-step process. You use the sales entry screen (see Figure 3) to enter information about a sales transaction, including the detailed financial account distribution. After you enter this data, the system offers you the option of preparing an invoice (see Figure 4). If you choose to do so, you are prompted to enter a shipping address, purchase-order number, shipping method (UPS, Air Freight, and so forth), payment terms, shipping date, miscellaneous charges, sales tax and freight charges--all of which are optional. You can then enter up to three lines of tet for each line item (item or service sold) to be included on the invoice as well as the price of each line item. The total invoice amount, which is displayed at the bottom of the screen, decreases as you enter each item. Once you enter all the items and the invoice data is complete, the total invoice amount becomes zero and you can print the invoice.

It is important to notice that simply entering freight, tax, or miscellaneous charges won't ensure a proper accounting for these amounts. You must accurately distribute the total amount of the invoice using the screen in Figure 3. Full-featured, more-expensive systems automatically record these amounts in the proper financial accounts, based upon tables you establish when you set up the system.

4-in-1's pricing/invoicing capabilities are not sopisticated. But, if the system is right for your business, you wouldn't want and end-all invoicing function because it would probably not fit your needs and would be so burdned with options as to be ineffective. Many very small businesses need only a simple means of preparing invoices and recording the resulting receivables.

With the aged accounts receivable summary report, you receive a one-line listing per customer showing the amount outstanding on a 30-, 60-, or 90-day period. Certain print options allow you to print a report for one or more given customers (instead of the whole customer list), set a cut-off date or specific timeframe, and specify salespersons so that only customers of a particular salesperson appear in the report.

Tracking Vendors

With the 4-in-1 accounts payable module, you can create and maintain information on each of your vendors, enter vendor invoice data, print, review and post these transactions, print checks, and produce several useful reports. Aside from the typical vendor maintenance routines, this module offers two main functions: you use one to enter and process invoices

due your vendors and the other one to record and process disbursements and print checks.

The bills payable function records data from vendor invoices, including the vendor name the type of transaction (invoice, credit, or debit memo), the invoice number, a 25-character reference field, the amount, and the account number to be credited by this transaction. You can establish recurring invoices for weekly, monthly, quarterly, semiannually, or annually scheduled recurring disbursements. Missing, of course, from this list of vendor invoice data is the invoice due date. 4-in-1 does not capture this important piece of information and, therefore, does not employ an automatic payment selection function, as many comparable packages do. You will have to use the disbursements function to schedule the payment of each check individually.

You use the disbursements function to both initiate the production of computer-generated checks and record handwritten checks. When entering a disbursement, you can specify the type of check (computer or manual), the check number, amount and date, the discount taken, and the checking account from which the check is to be written. The documentation explains how to record bills and disbursements whether you utilize cash basis or accrual basis accounting.

The accounts payable (and accounts receivable, as well) module has a handy feature that allows you to add a vendor (or customer) "on the fly." For example, if you are in the bills payable function and find that you need to enter an invoice for a vendor not yet established in you vendor file, you are not required to exit the bills payable function in order to use the vendor maintenance function to add that vendor. You enter the new vendor 's name, and the system will display the message " Vendor not on file --do you wish to add it?" When you answer yes, the system immediately displays a vendor add screen. When you finish entering the appropriate data, the system returns you to the bills payable function. This type of feature, though not truly an accounting function, sure does make the system more accommodating to the small-business environment.

Although not directly included in the accounts payable function, several unique 4-in-1 features help you manager your checking accounts. For example, if you want to maintain three separate checking accounts, you assign each account to a specific financial account number during installation. The systems's routines allow you to record adjustments to individual checking accounts or cash transfers between checking accounts with a single entry; however, if you want to transfer money between checking accounts using a standard general ledger entry, you would have to enter two separate transactions.

Another useful feature helps you reconcile the three bank accounts. The system displays all checks written between any two specified dates, and using your bank statement, you simply mark all those items that have cleared the bank. When you're done, you can print a reconciliation report.

Zero Calculations

As mentioned earlier, the 4-in-1 payroll module does not actually perform the basic payroll computations, such as the calculation of gross pay, tax withholdings, FICA, and so forth. You must do these yourself. But what 4-in-1's "after the fact" payroll module does do for you is help you keep track of, accumulate, and report all of the payroll data. With the system, you can also establish an employee master file that maintaines payroll totals by employee. In addition, using the payand deduction fogures that you enter each pay period, 4-in-1 will print payroll checks and update your employee payroll history file. The system automatically accumulates the quarterly and year-to-date figures needed to produce the basic federally and state-mandated payroll reports. It will print your payroll register, payroll checks, an employee history report, quarterly payroll report, a non-employee compensation report, and W-2 forms.

One significant limitation of the payroll module is that it will capture only one deduction amount plus the standard state and federal tax

amounts. For example, if you establish two deductions for an employee, the system will track only the total amount of these deductions.

As with customer statements, 4-in-1 prints invoices, payroll, and disbursement checks in a predefined format. You cannot alter these formats and, therefore, it is unlikely that you can use your existing forms for these documents with the system. However, the manual provides brochures from three vendors that market form tailored to the 4-in-1 system.

30-Day Support

RealWorld makes learning and using 4-in-1 easier with good help screens. You simply press the F10 key to get text explanations of the process you're currently using. If that's not enough, RealWorld offers hotline support over the phone, but it's only free for the first 30 days you own the package. RealWorld's documentation continually urges you to consult your accountant--a good suggestion, particularly when you're setting up your system.

The documentation consists of a single sturdy three-ring binder that combines descriptive yet concise text and plenty of illustrations. The screen illustrations would have been much more helpful if they had sample data. The manual summarizes all error messages in the appendixes as well as the recommended back-up and restore procedures.

Although you can run the 4-in-1 package on a dual floppy drive system, a hard drive will give you faster access to your data files. We evaluated the program on an XT and found the system's performance to be a bit slow until we changed the CONFIG.SYS file to include BUFFERS = 25. With this change, the system's speed dramatically increased.

RealWorld did a good job of scaling down the features and sophistication of its more-expensive, full-function accounting system to create 4-in-1. 4-in-1 can take on most of the accounting chores of many very small or emerging enterprises. However, you are the only one who can say whether or not it has enough horsepower for your business.